

2-9-2017

## Finance Committee Meeting - Packet 02/09/2017

UC Hastings Board of Directors

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HASTINGS  
COLLEGE  
OF THE LAW

**FINANCE COMMITTEE  
MEETING**

**February 9, 2017**

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## NOTICE OF MEETING

The Finance Committee of the University of California Hastings College of the Law Board of Directors will hold an Open Meeting on Thursday, February 9, 2017.

EVENT: Meeting of the University of California  
Hastings College of the Law Board of Directors  
Finance Committee

DATE: Thursday, February 9, 2017

PLACE: UC Hastings College of the Law  
A. Frank Bray Board Room  
198 McAllister Street, 1-Mezzanine  
San Francisco, California 94102

STARTING TIME: 10:15 a.m.

AGENDA: See Attached

*This notice is available at the following University of California, Hastings College of the Law website address: <http://www.uchastings.edu/board>*

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*For further information please contact Elise Traynum, Secretary of the Board of Directors, 198 McAllister Street, San Francisco, CA 94102, (415) 565-4851. You are encouraged to inform Ms. Traynum of your intent to speak during the public comment period 72 hours in advance of the meeting.*

*The University of California, Hastings College of the Law subscribes to the Americans with Disabilities Act. Please contact the Secretary's Office by 10 a.m. on Monday, February 6, 2017, for accommodations.*



**UNIVERSITY OF CALIFORNIA  
HASTINGS COLLEGE OF THE LAW**

**FINANCE COMMITTEE MEETING  
AGENDA**

Thursday, February 9, 2017 – 10:15 a.m.  
UC Hastings College of the Law  
A. Frank Bray Board Room  
198 McAllister Street, 1-Mezzanine  
San Francisco, California 94102

1. Roll Call  
  
Chair Donald Bradley  
Director Tina Combs  
Director Marci Dragun  
Director Claes Lewenhaupt  
Director Courtney Power  
Director Chip Robertson
2. Public Comment (Oral)
- \*3. Approval of Minutes – November 10, 2016 (Written)
4. Investment Report as of December 31, 2016 (Written)
- \*5. State Budget Report as of December 31, 2016  
and Mid-Year Budget Changes (Written)
- \*6. State Contracts in Excess of \$50,000  
6.1 Vendor TBD - Room Scheduling Software (Written)  
6.2 Vendor TBD – Classroom K Audio-visual (Written)  
6.3 KONE Elevator – Snodgrass Hall Elevator Controls (Written)
7. Multi-year Budget Planning - Core Operations & Auxiliary Enterprises (Written)

- |      |                                                                                         |           |
|------|-----------------------------------------------------------------------------------------|-----------|
| *8.  | Auxiliary Enterprises Budget Report as of December 31, 2016 and Mid-Year Budget Changes | (Written) |
| *9.  | Nonstate Budget Changes                                                                 | (Written) |
| *10. | Endowment Management – Spending Rate for 2017-18                                        | (Written) |
| 11.  | Federal Indirect Cost Recovery Rate                                                     | (Written) |
| *12. | Rate and Fee Changes                                                                    |           |
|      | 12.1 Student Housing – Residential Rate Increases for 2017-18                           | (Written) |
|      | 12.2 Parking Garage Rate Increase                                                       | (Written) |
| *13. | Time Reporting System Implementation - Transition Assistance Program                    | (Written) |
| 14.  | Update on IRS Audit of 403b and 457 Plans                                               | (Oral)    |
| 15.  | Update on Long Range Campus Plan                                                        | (Written) |
| 16.  | Report on Faculty and Staff Salaries over \$100,000<br>(To be Distributed)              | (Written) |
| 17.  | List of Checks over \$50,000                                                            | (Written) |
| *18. | Adjournment                                                                             | (Oral)    |

## **FINANCE COMMITTEE MEETING**

### Roll-Call

Here   Absent

<input type="checkbox"/>	<input type="checkbox"/>	Chair Donald Bradley
<input type="checkbox"/>	<input type="checkbox"/>	Director Tina Combs
<input type="checkbox"/>	<input type="checkbox"/>	Director Marci Dragun
<input type="checkbox"/>	<input type="checkbox"/>	Director Claes Lewenhaupt
<input type="checkbox"/>	<input type="checkbox"/>	Director Courtney Power
<input type="checkbox"/>	<input type="checkbox"/>	Director Chip Robertson

Start time: \_\_\_\_:\_\_\_\_ a.m.

**FINANCE COMMITTEE MEETING**

**Public Comment Period**

This item is reserved for members of the public to comment on non-agenda and agenda items.

**OPEN FINANCE COMMITTEE MEETING**

**ACTION ITEM:** Approval of Minutes: November 10, 2016





**UNIVERSITY OF CALIFORNIA  
HASTINGS COLLEGE OF THE LAW**

**MEETING OF THE FINANCE COMMITTEE**

**OPEN MEETING MINUTES  
NOVEMBER 10, 2016**

1. Roll Call

Chair Tom Gede-ex officio  
Chair Don Bradley  
Director Tina Combs  
Director Claes Lewenhaupt  
Director Courtney Power  
Director Chip Robertson

Chair Donald Bradley called the meeting to order and the Secretary called the roll for the Finance Committee meeting.

2. Public Comment Period on Open Agenda Items  
None.

\*3. Approval of Minutes – August 11, 2016  
Chair Bradley called for the approval of the August 11, 2016 minutes. The minutes were approved.

4. Investment Report as of September 30, 2016  
Chief Financial Officer David Seward reported that a representative from the Treasurer's Office of the University of California will attend the Board of Directors meeting on December 2, 2016. The representative will provide an overview of activities of the Treasurer's Office and the current status on investments.

Chief Financial Officer Seward reported that the total return for the first quarter is 4.47 percent. The three year average is 6.8 percent. The returns on the short term investment pool are 0.29 percent for the period, while the calendar year date return is 0.9 percent.

5. State Budget Report for 2016-2017 as of September 30, 2016  
Chief Financial Officer Seward reported that the College is on target. He reported that the Health Policy Law program has a net income of \$96,000. There is an unrealized gain of investments of about \$1.1 million. Expenses are on target. Unspent funds of \$60,000 were used

to help support the public interest summer grant and fellowship programs. Chief Financial Officer Seward noted that because it's early in the fiscal year, there is nothing that causes any concern in terms of revenues or expenses.

6. Auxiliary Enterprises Budget Report as of September 30, 2016

Chief Financial Officer Seward reported that the College is on target with its auxiliary enterprises budget. There are funds that were allocated for a Sky Room update that have not been spent. A discussion ensued about the price of nonskid strips on stairs.

Chief Financial Officer Seward reported that things are going well with the Tower and that in February he will recommend a seven and a half percent increase in Tower rent. This is consistent with rent increases in the Tower of the last three years, though Tower rent is still below market value. He also reported that Tower building manager, Pansy Mar, retired after eight years and that he is looking for candidates to fill her position. A lengthy discussion then ensued about the UCSF security transition in the Tower.

7. State Contracts in Excess of \$50,000

\*7.1 Engineering Services – Rosenberg McGinnis

Chief Financial Officer Seward quickly summarized this contract for engineering services related to Kane Hall. The total value of the contract is \$194,000. Some funding will be drawn from the state's appropriation to support deferred maintenance activities. MKThink will likely handle this work.

\*7.2 2017 Commencement – BGCA Management, LLC  
(Bill Graham Auditorium)

Chief Financial Officer Seward reported that commencement will cost over \$200,000.

\*7.3 Hastings Magazine – Diablo Communication Partners

Chief Financial Officer Seward noted a correction on the cost of printing to \$125,000 instead of \$200,000, as was listed in the proposed resolution.

Upon motion duly made, seconded, and carried, the Finance Committee recommended that the Board of Directors approve the above contracts in excess of \$50,000.

8. Nonstate Contracts in Excess of \$50,000

\*8.1 Grant – Washington Center Equitable Growth – WLL Schedule  
Stability Project

\*8.2 Alumni Reunions – Palace Hotel 2017

Upon motion duly made, seconded, and carried, the Finance Committee recommended that the Board of Directors approve the above contracts in excess of \$50,000.

9. State Budget Planning – Fees and Scholarships for 2017-2018

Chief Financial Officer Seward reported that tuition scholarships for the 2017 entering class resulted in about a 41 percent tuition discount rate. He noted that there is a challenge in determining this budget going forward as there is an absence of comparative data from previous

years. Chief Financial Officer Seward stated he is trying to get comparative data from public and private schools offering tuition scholarships.

Acting Chancellor and Dean David Faigman suggested that the College be aggressive this year in offering tuition scholarships in order to continue to move upward in rankings in *US News*. A lengthy discussion then ensued about external risk factors that may impact budget planning.

Chair Tom Gede asked about tuition costs at other UC law schools and a discussion was had on how UC Hastings tuition compared to that of other UC law schools.

The Committee then discussed the logistics of a next meeting to discuss the budget for 2017-2018.

\*10. Fund Transfer/Investment Pool

Chief Financial Officer Seward requested a fund transfer of the \$2 million in appropriation for the deferred maintenance allocation to the general endowment pool (GEP). The GEP has had an average annual return of 6.8 percent for the past three years. He noted that because California requires that the \$2 million appropriation be spent on deferred maintenance and as such, if there is a market loss the College would have to identify cash to cover that loss.

Director Tina Combs asked how conservatively the GEP was invested and asked about transferring to the short term investment pool instead. Chief Financial Officer Seward answered that the GEP is very conservatively managed and the Regents carefully manage risk. Chair Bradley clarified that the plan is to not start spending the \$2 million for another 12 months and that the short term investment pool only has returns of less than one percent.

Upon motion duly made, seconded, and carried, the Finance Committee recommended that the Board of Directors approve the fund transfer.

11. Update on Moss Adams Engagement – HR and Payroll Processing

Chief Financial Officer Seward gave an update on the Moss Adams audit findings.

First, he explained that the College is making progress on dealing with payroll audit issues that were found in a previous audit. Second, he explained that Moss Adams provided management with a set of observations and recommendations. He noted that there were no materials weaknesses, control deficiencies, or findings.

Chair Bradley asked when the College would complete the recommendations. Acting Chancellor and Dean Faigman noted that there has been a challenge completing certain recommendations because the task is personnel intensive. An instrumental part of the operation, the human resources director, has been on medical leave, however, an interim human resources director was hired to move things forward.

Chief Financial Officer reported that UCOP is cooperating with the IRS audit.

Director Tina Combs asked whether or not the College should consider getting support from UCOP for contracts and grants. Chief Financial Officer Seward replied that contracts and

grants need to be localized, but that the College should draw on work product that other UCs have used for policies and procedures. He further reported that the Board authorized \$100,000 for a consultant to help with policy formulation.

Director Combs asked a final question about the process in place for establishing departmental budgets. Chief Financial Officer Seward responded that there are two phases: first, there is base budget—cost of current operations—and there is a meeting twice a year with departments discussing the cost base. Second, there is a conversation about enhancements and whether or not there is flexibility for incremental spending. The discussion ended with Chief Financial Officer Seward noting that revised departmental budgets will be presented at the February 2017 Finance Committee meeting.

12. Summary Report: Long Range Campus Plan

Acting Chancellor and Dean Faigman discussed a meeting with the Department of General Services (DGS) about the construction of the 333 Golden Gate building. There were five semi-finalist partnerships for construction and design. Acting Chancellor and Dean Faigman and Chief Financial Officer Seward met with these five firms and narrowed down the firms to three. The next step will be contacting these three firms. Each will be given \$50,000 to develop a concrete plan. There will be two confidential meetings with each of the three finalists beginning in December. Their plans are due at the beginning of February 2017. The final decision of a firm candidate will be made in the beginning of March 2017. Then there will be contracting with the state, which may go through June 2017. Once these steps are completed, digging on the site can begin. The building time will be less than 18 months.

Acting Chancellor and Dean Faigman and Chief Financial Officer Seward explained that this is a DGS project, as they will be managing the site, the construction, and the contracts. DGS will be deferential to what the College needs in the new building.

Chief Financial Officer Seward noted that if the schedule is followed, the College will be able to occupy the new building in spring of 2020. At that point, demolition of 198 could also begin in spring of 2020.

\*13. Approval of Agency Statement – Climate Adaptation in the 2017 California Five-Year Infrastructure Plan

Chief Financial Officer Seward reported on Governor Brown's emphasis on climate change, planning, and adaptability. He presented a statement to be submitted to Governor Brown's office that noted all the College's activities and how these activities promote both substantive change as well as cultural change.

Upon motion duly made, seconded, and carried, the Finance Committee recommended that the Board of Directors approve the submission of the agency statement to the Governor's office.

\*14. Shared Platform Proposal – UC Davis Graduate School of Management

Acting Chancellor and Dean Faigman reported on the resolution for the site license agreement with the UC Davis Graduate School of Management. UC Davis is interested in beginning a new master of science in business analytics program—essentially an executive program for San

Francisco business professionals. UC Hastings proposed entering into an agreement with UC Davis for them to occupy some campus space on Friday afternoons and Saturdays beginning in August 2017.

This relationship with UC Davis has also led to a conversation with the dean of UC Davis about creating a certificate program in business and finance for UC Hastings and UCSF students. Chair Bradley asked if this would interfere with established programs the College has with Anderson or Haas. Dean Faigman noted there should be no adverse impact on an ability to deal with Anderson or Haas because neither school has this kind of program.

A discussion ensued about the costs associate with the UC Davis Graduate School of Management's use agreement and Acting Dean and Chancellor Faigman responded that there will not be a lot of marginal cost for the program. The discussion ended with a note that UC Davis understands that their right to use is not exclusive.

Upon motion duly made, seconded, and carried, the Finance Committee recommended that the Board of Directors approve the shared platform proposal.

15. Listing of Checks and Electronic Transfers over \$50,000  
Not discussed.
- \*16. Adjournment  
There being no further business to come before the Finance Committee, the meeting was adjourned.

**REPORT ITEM**

- 1. REPORT BY:** David Seward
- 2. SUBJECT:** 2016-17 Investment Report as of December 31, 2016
- 3. REPORT:**

Attached is a performance summary of the investment pools managed by the Treasurer's Office of the University of California as of December 31, 2016.

- The General Endowment Pool (GEP) experienced total returns of 7.07 percent for the first two quarters of 2016-17
- On a calendar year basis, GEP has earned total returns of 5.99 percent.
- Average Annual Returns

10 Years	5.45%
5 Years	8.98%
3 Years	5.72%
1 Year	5.99%
- The Short Term Investment Pool (STIP) experienced total returns of 0.59 percent as of December 31, 2016.

The State Street Bank investment performance summary is attached.

# Chief Investment Officer of the Regents

RATES OF RETURN - Unit Value

Periods Ending December 31, 2016

GEP STIP UNIT VALUE RETURN SUMMARY REPORT



STATE STREET

	EMV	1 Month	3 Month	6 Month	FYTD	CYTD	1 Year	3 Year	5 Year	10 Year
<b>TOTAL FUND</b>										
GEP TOTAL - UNIT RETURN	9,855,965,808	1.10	2.49	7.07	7.07	5.99	5.99	5.72	8.98	5.45
<i>GEP TOTAL PLAN POLICY BENCHMARK</i>		1.19	0.92	4.74	4.74	6.43	6.43	4.30	7.39	4.81
GEP Unit Rtn UC Foundations	9,855,965,808	1.10	2.49	7.07	7.07	5.99	5.99	5.72	8.98	5.45
GEP TOTAL PLAN POLICY BENCHMARK		1.19	0.92	4.74	4.74	6.43	6.43	4.30	7.39	4.81
GEP TOTAL US PUBLIC EQUITIES	671,311,353	1.42	5.28	11.20	11.20	6.57	6.57	5.83	13.31	6.22
<i>U.S. EQUITY B-MARK R3000 TF</i>		1.90	4.22	8.98	8.98	12.70	12.70	8.33	14.66	6.96
GEP TOTAL NON-US PUBLIC EQUITIES + EQ	1,122,554,559	0.37	-1.49	8.33	8.33	0.38	0.38	-1.69	4.89	1.16
NON-US EQUITIES POLICY BENCHMARK		2.56	-1.25	5.57	5.57	4.50	4.50	-1.78	5.00	0.96
GEP DEVELOPED NON US PUBLIC EQUITY	548,948,598	4.13	4.66	16.00	16.00	1.08	1.08	-1.24	6.70	1.39
<i>BLENDED EAFE TF + CANADA INDEX</i>		3.28	-0.15	6.25	6.25	2.82	2.82	-1.69	6.04	0.75
GEP EMERGING MARKET EQUITY	573,605,961	-2.97	-6.73	1.79	1.79	2.18	2.18	-1.27	2.39	2.32
EMERGING MARKETS EQUITY POLICY BENCHMARK		0.22	-4.16	4.49	4.49	11.19	11.19	-2.55	1.28	1.84
GEP GLOBAL EQUITY	2,610,902,528	2.67	4.42	11.93	11.93	2.85	2.85			
MSCI AC WORLD (NET)		2.16	1.19	6.55	6.55	7.86	7.86			
GEP TOTAL FIXED INCOME W/ TIPS & DOLLAR	1,037,554,947	0.59	-1.85	-0.02	-0.02	5.34	5.34	3.05	3.46	5.28
GEP TOTAL CORE FIXED INCOME	365,682,681	-0.09	-3.18	-3.22	-3.22	-0.01	-0.01	2.16	2.16	3.94
<i>GEP FIXED INCOME POLICY BENCHMARK</i>		-0.11	-3.72	-3.97	-3.97	1.14	1.14	2.52	1.93	4.19
GEP HIGH YIELD	301,339,771	1.53	0.97	5.06	5.06	11.76	11.76	4.38	7.43	7.01
<i>BofAML HY Cash Pay (Daily)</i>		1.95	1.85	7.46	7.46	17.34	17.34	4.69	7.30	7.27

# Chief Investment Officer of the Regents

RATES OF RETURN - Unit Value

Periods Ending December 31, 2016

GEP STIP UNIT VALUE RETURN SUMMARY REPORT



STATE STREET

	EMV	1 Month	3 Month	6 Month	FYTD	CYTD	1 Year	3 Year	5 Year	10 Year
GEP EMERGING MARKET DEBT	129,644,885	1.48	-4.55	-1.56	-1.56					
<i>FI TOTAL EMERGING MKTS BENCHMARK (DAILY)</i>		1.33	-4.02	-0.14	-0.14					
GEP TIPS	240,887,610	-0.01	-1.76	-0.87	-0.87	4.71	4.71	2.43	1.04	4.70
<i>UCR BBG BARC US TIPS (Dly)</i>		-0.10	-2.41	-1.47	-1.47	4.68	4.68	2.26	0.89	4.36
GEP BLACKROCK UNCONSTRAINED	0									
<i>BBG BARC Agg (Dly)</i>		0.14								
GEP TOTAL PRIVATE EQUITY	1,096,652,900	1.04	4.69	9.99	9.99	20.83	20.83	21.27	19.07	12.93
<i>GEP PRIVATE EQUITY POLICY BENCHMARK</i>		1.04	4.69	9.99	9.99	20.83	20.83	21.27	19.07	12.93
GEP AR - DIV - UNIT RETURN	1,796,514,248	0.12	1.32	3.35	3.35	1.81	1.81	3.93	6.02	4.38
<i>HFRX Absolute Return Index</i>		0.20	-0.35	0.54	0.54	-3.96	-3.96	-1.34	0.90	2.25
GEP REAL ASSETS	213,044,976	1.02	1.97	4.39	4.39	-6.67	-6.67	-2.77	-0.21	
<i>GEP REAL ASSETS LAGGED BENCHMARK</i>		1.02	1.97	4.39	4.39	-6.67	-6.67	-2.77	-0.21	
GEP TOTAL REAL ESTATE	533,686,400	0.06	8.75	6.64	6.64	12.26	12.26	13.70	12.78	
GEP PRIVATE REAL ESTATE	533,686,400	0.06	8.75	6.64	6.64	12.26	12.26	13.61	12.73	2.97
GEP LIQUIDITY	593,568,439	0.09	0.31	0.48	0.48	1.01	1.01	1.27	1.38	17.25
<i>UC US TWO YEAR TREASURY NOTE INCOME RETURN</i>		0.09	0.21	0.38	0.38	0.83	0.83	0.61	0.46	1.11
<b>STIP</b>										
STIP - UNIT RETURN	9,423,457,838	0.11	0.30	0.59	0.59	1.20	1.20	1.32	1.62	2.51
<i>STIP POLICY</i>		0.06	0.14	0.25	0.25	0.59	0.59	0.44	0.34	1.04



# Chief Investment Officer of the Regents

RATES OF RETURN - Unit Value

Periods Ending December 31, 2016

GEP STIP UNIT VALUE RETURN SUMMARY REPORT



STATE STREET.

	EMV	1 Month	3 Month	6 Month	FYTD	CYTD	1 Year	3 Year	5 Year	10 Year
<b>PLANNED GIVING</b>										
PG FIXED INCOME POOL	26,790,700	0.27	-2.30	-1.52	-1.52	3.68	3.68	3.50	3.31	5.04
<i>BBG BARC Agg Bd</i>		0.14	-2.98	-2.53	-2.53	2.65	2.65	3.03	2.23	4.34
PG EAFE STATE ST INTL INDEX FUND	6,931,740	2.21	-1.49	4.11	4.11	0.82	0.82	-2.08	5.99	0.97
<i>BLENDED EAFE TF + CANADA INDEX</i>		3.28	-0.15	6.25	6.25	2.82	2.82	-1.69	6.04	0.75
PG RUSSELL 3000 INDEX FUND	25,026,470	2.21	4.71	9.80	9.80	13.62	13.62	8.74	14.98	7.22
<i>U.S. EQUITY B-MARK R3000 TF</i>		1.90	4.22	8.98	8.98	12.70	12.70	8.33	14.66	6.96

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## **ACTION ITEM**

- 1. REPORT BY:** David Seward
- 2. SUBJECT:** State Budget Report for 2016-17  
– As of December 31, 2016, and Mid-year Budget Changes
- 3. RECOMMENDATION:**

That the Finance Committee recommends that the Board of Directors approves the 2016-17 State Budget as revised at mid-year.

## **4. BACKGROUND**

Attached is the mid-year budget report for 2016-17 as of December 31, 2016. The mid-year revised budget was developed after reviewing departmental budget performance and evaluating revenues and expenditures based on year-to-date figures. Projected operating revenues are decreased by \$586,355 and expenditure allocations are decreased by \$9,332 for a net operating budget change of (\$577,023). Adjusting prior year reserves from preliminary to actual ending fund balances, excluding non-cash pension liabilities related to GASB reporting, an increase of \$89,359 is recognized. The result of these midyear adjustments is a net change to the beginning budget of (\$487,664). Major variances are described below.

### **Revenues**

- State General Fund – The budget remains unchanged and reflects an increased state general fund appropriation of \$1.015 million for operations. This does not include the \$2.0 million one-time state appropriation for deferred maintenance available for expenditure over this and next fiscal year.
- Registration Fee – The beginning budget projected total JD enrollment of 915 FTE students paying the \$43,486 General Enrollment Fee. Revenue as of December reflects 910 FTE and as of January is adjusted to 904 FTE. The midyear revised budget projects ending FTE enrollment of 900 JD students for a projected revenue reduction of \$643,049. Partially offsetting this decrease in enrollment fee revenues are decreases in financial aid expenditures, as detailed below.
- MSL Tuition – The beginning budget projected 2.8 FTE students paying \$41,200 tuition. As of the December reporting period revenues reflect 4.0 FTE students but as of January revenue is reduced to \$100,028, 2.4 FTE, for a midyear budget reduction of \$13,272.
- Unrealized Gain/Loss on Investments – The State fund's share of the change in market value of UC-GEP investments are unrealized gains of \$1,628,772 as of December 2016.

## Expenditures

- Salaries and Wages – The 2016-17 beginning budget included funding for employee compensation adjustments for represented employees per collective bargaining agreements and non-represented staff per Board of Directors authority granted June 2016. In September 2016 the Board amended the budget to include \$364,452 in settlement costs associated with transition to the UCSF PD contract, and approved transfer of two Public Safety staff positions to other departments: 1.0 FTE to IT and 1.0 FTE to Building Maintenance. Proposed adjustments at midyear reflect a budget reduction of (\$458,277) and include:
  - Conversion of temporary help wages to fund a regular staff position supporting executive administrative functions in the Chancellor and Dean's Office by reallocation of authorized but currently vacant positions: .5 FTE from External Relations and .5 FTE from the Library.
  - Adjustment of the Chancellor and Dean's compensation package (salary, housing and auto allowances) to new contract amounts effective January 1, 2017.
  - Increased budgetary salary savings above the beginning target of (\$281,000). After recognizing position turnover and reclassifications to-date, and estimating the cost to fill currently vacant positions, projected staff salary savings of (\$231,000) are included in the midyear revised budget. Faculty changes, including retirements and revised projected use of the \$400,000 beginning unallocated provision, increase projected budgetary salary savings by (\$544,000).
- Other Contract Services – This budget line increase reflects the transition to the security function being contracted with UCSF PD effective October 1, 2016. The beginning budget reflected the status-quo UC Hastings security expenses distributed throughout other report categories and the midyear revised budget allocates \$1,175,000 for the contract (with additional amounts apportioned to the Tower and Garage budgets for security coverage in those auxiliary enterprises).
- Financial Aid Grants – The 2016-17 total budget for student financial aid reflects a reduction of \$620,635 as follows:
  - (\$487,851) unspent from the total \$15M allocation for JD awards/tuition discounts (partially offsetting reduced enrollment fee revenues).
  - (\$214,493) from the Loan Repayment Assistance Program (LRAP) reallocated to fund new bar pass mitigation activities; the midyear revised LRAP budget is \$305,507 and 2016-17 actual expense was \$246,514.
  - \$69,738 increase in LLM grants, reflecting higher discounts than initially budgeted.
  - \$9,400 for reimbursement of bar review courses to select May 2016 JD graduates.
  - \$2,571 adjustment to MSL grants.

**DEFERRED MAINTENANCE**

Included in the State Budget Act of 2016 Section 6.10 is a one-time \$2,000,000 General Fund allocation to Hastings to address deferred maintenance items. Funding is available for expenditure over two years and the majority of project work is planned to begin this summer.

**PLANT FUND RESERVE**

The Plant Fund Reserve started 2016-17 with a net asset balance of \$7,732,658. Investment income is projected to add \$75,000 and the Board of Directors previously authorized planned expenditures of \$492,260 for the Long Range Campus Plan and other one-time expenditures. At midyear a reduction to planned uses at (\$22,350) was made for a projected ending state Plant Fund Reserve of \$7,337,748 (market valuation at 6/30/16).

**5. PROPOSED RESOLUTION:**

Resolved, that the Finance Committee recommends that the Board of Directors approves the 2016-17 mid-year revised State Budget.

HASTINGS COLLEGE OF THE LAW  
State Budget Report -- 2016-17

2/1/2017

<b>REVENUES</b>	<b>Beginning Budget 2016-17</b>	<b>Revised Budget 2016-17</b>	<b>Actual as of 31-Dec-16</b>	<b>Actual Dec-16 as a Percent of Revised Budget</b>	<b>Year-end Actual 2015-16</b>	<b>Actual as of 31-Dec-15</b>	<b>Actual Dec-15 as a Percent of 2015-16 Year-end</b>
<b>State Appropriations</b>							
General Fund	11,659,000	11,659,000 *	5,423,550	47%	10,644,000	4,916,050	46%
Lottery Fund	<u>125,000</u>	<u>125,000</u>	<u>21,972</u>	<u>18%</u>	<u>140,243</u>	<u>-</u>	<u>0%</u>
Total	\$ 11,784,000	\$ 11,784,000	\$ 5,445,522	46%	\$ 10,784,243	\$ 4,916,050	46%
<b>Tuition and Related Fees</b>							
Non-resident Tuition	600,000	648,777	681,777	105%	681,999	714,999	105%
Registration Fee	39,789,690	39,146,641 *	39,575,935	101%	38,246,959	38,589,281	101%
Veteran Fee Waivers	(815,262)	(829,834)	(826,234)	100%	(751,344)	(695,776)	93%
LL.M. Tuition	1,211,250	1,165,184	1,165,184	100%	1,059,558	1,245,608	118%
MSL Tuition	113,300	100,028 *	166,223	166%	205,155	253,042	123%
HPL Revenue Share	187,460	226,570	-	0%	173,467	0	0%
Summer Legal Institute	535,650	535,650	149,738	28%	612,221	231,371	38%
Other Student Fees	<u>78,900</u>	<u>69,986</u>	<u>29,019</u>	<u>41%</u>	<u>80,636</u>	<u>33,717</u>	<u>42%</u>
Total	\$ 41,700,988	\$ 41,063,002	\$ 40,941,642	100%	\$ 40,308,651	\$ 40,372,242	100%
<b>Scholarly Publications</b>							
Subscription Revenues	<u>33,500</u>	<u>33,500</u>	<u>30,264</u>	<u>90%</u>	<u>98,481</u>	<u>68,597</u>	<u>70%</u>
Total	\$ 33,500	\$ 33,500	\$ 30,264	90%	\$ 98,481	\$ 68,597	70%
<b>Other Income</b>							
Investment Income	200,000	200,000	116,227	58%	217,920	93,542	43%
Realized Gain/Loss on Sale of Investments	-	-	-	--	18,812	-	0%
Unrealized Gain/Loss on Investments	-	- *	1,628,772	--	(1,047,775)	(676,751)	65%
Overhead Allowances	1,161,455	1,209,965	24,900	2%	1,045,064	1,212	0%
Miscellaneous	<u>52,825</u>	<u>51,725</u>	<u>35,207</u>	<u>68%</u>	<u>48,105</u>	<u>8,144</u>	<u>17%</u>
Total	\$ 1,414,280	\$ 1,461,690	\$ 1,805,106	123%	\$ 282,126	\$ (573,853)	-203%
<b>Transfer from Other Funds</b>	\$ 139,350	\$ 143,571	\$ -	0%	\$ 365,781	\$ -	0%
<b>Prior Year Reserve/Beginning Fund Balance</b>	<u>\$ 17,091,699</u>	<u>\$ 17,181,058</u>	<u>\$ 17,181,058</u>	<u>100%</u>	<u>\$ 19,005,018</u>	<u>\$ 19,005,018</u>	<u>100%</u>
<b>TOTAL REVENUES</b>	\$ 72,163,817	\$ 71,666,821	\$ 65,403,592	91%	\$ 70,844,300	\$ 63,788,054	90%

\*See attached narrative

HASTINGS COLLEGE OF THE LAW  
State Budget Report -- 2016-17

2/1/2017

<i><b>EXPENDITURES</b></i>	<b>Beginning Budget 2016-17</b>	<b>Revised Budget 2016-17</b>	<b>Actual as of 31-Dec-16</b>	<b>Actual Dec-16 as a Percent of Revised Budget</b>	<b>Year-end Actual 2015-16</b>	<b>Actual as of 31-Dec-15</b>	<b>Actual Dec-15 as a Percent of 2015-16 Year-end</b>
Salaries & Wages	25,199,504	24,741,227 *	12,694,740	51%	23,854,658	11,880,455	50%
Student Wages-Reg. & Work-study	531,152	524,179	177,892	34%	396,064	170,874	43%
Staff Benefits	8,449,421	8,207,514	4,201,808	51%	7,934,812	3,978,083	50%
Consultants	628,550	548,227	188,418	34%	605,305	185,151	31%
Temporary Help (Contracted)	143,060	251,081	83,036	33%	330,865	141,006	43%
Employee Development & Testing	157,927	273,845	71,111	26%	154,809	81,526	53%
Recruiting & Advertising	135,600	219,133	83,166	38%	138,327	79,433	57%
Audit, Legal, and Case Costs	258,515	266,515	83,499	31%	245,276	164,105	67%
Insurance	281,809	299,744	299,953	100%	285,844	285,998	100%
Printing & Copier Service	871,838	842,363	421,598	50%	803,802	344,809	43%
Supplies	290,524	253,874	130,335	51%	290,616	142,324	49%
Travel	776,525	738,657	202,869	27%	520,469	242,974	47%
Dues & Subscriptions	229,524	251,109	67,409	27%	249,883	115,334	46%
Events & Entertainment	289,977	287,266	129,089	45%	235,421	100,814	43%
Computer Software	805,042	793,719	338,576	43%	662,369	372,453	56%
Data Processing	172,730	124,760	55,105	44%	112,140	35,846	32%
Info Retrieval & Bibliography Svc.	181,100	181,100	170,530	94%	170,425	162,129	95%
Books & Bindings	1,078,709	1,075,652	612,280	57%	1,094,017	558,160	51%
Equipment Maintenance	103,289	105,245	22,436	21%	86,427	35,460	41%
Building Maintenance	947,805	1,039,113	492,574	47%	939,071	449,487	48%
Other Contract Services	945,926	1,860,052 *	507,748	27%	465,375	330,879	71%
Utilities	916,883	1,000,351	430,715	43%	915,523	446,530	49%
Telephone	44,180	59,278	35,899	61%	66,542	35,233	53%
Mail	63,627	62,755	22,332	36%	64,217	29,063	45%
Misc. (Including Bank Fees)	246,489	252,241	99,590	39%	262,092	136,852	52%
Equipment & Improvements	146,068	248,277	72,653	29%	121,500	60,344	50%
Space & Equipment Rental	608,873	608,673	265,732	44%	589,892	269,642	46%
Financial Aid Grants	16,064,840	15,444,205 *	15,221,410	99%	12,084,060	11,863,045	98%
Collection Costs	5,000	5,000	1,184	24%	(49,192)	1,898	-4%
Transfer to Other Funds	376,386	376,386	-	0%	34,045	-	0%
<b><i>TOTAL EXPENDITURES</i></b>	<b>\$ 60,950,873</b>	<b>\$ 60,941,541</b>	<b>\$ 37,183,687</b>	<b>61%</b>	<b>\$ 53,664,654</b>	<b>\$ 32,699,907</b>	<b>61%</b>

\*See attached narrative

## **ACTION ITEM**

- 1. REPORT BY:** David Seward
- 2. SUBJECT:** State Contracts in Excess of \$50,000
- 3. RECOMMENDATIONS:**

That the Finance Committee recommends that the Board of Directors authorize award of the 2015-16 states contract described in this report.

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**Item:** 6.1

**Title:** Software – Room Scheduling Software  
**Vendor Name:** TBD  
**Cost:** \$60,000  
**Term of Contract:** One-time contract

### **Description:**

Authority is requested to contract with the firm chosen as the result of a Request for Proposal process for new room scheduling software. The RFP process is in the decision phase, as the committee is determining which purchase will be in the best interests of the College.

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**Item:** 6.2

**Title:** Classroom K Refresh  
**Vendor Name:** TBD  
**Cost:** \$75,000  
**Term of Contract:** One-time agreement

### **Description:**

Contract authority is requested to continue contracting with the firm chosen as the result of a Request for Quotation process to refresh the audio/video, and data infrastructure in Classroom K. Quotes are due February 24, and the contract will be awarded to the firm providing the lowest quotation that meets the college's specifications.



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**Item:** 6.3  
**Title:** Elevator Repair  
**Vendor Name:** KONE  
**Cost:** \$57,000  
**Term of Contract:** One Year

**Description:**

Authority is requested to enter into an agreement with KONE Elevator to repair the control boxes in the 198 McAllister elevators (Snodgrass Hall) that are currently out of service, and to add a soft-start capability to one unit. Due to the urgency of the need, and specialty of the repair, this work was not competed. KONE was selected as they have a high-degree of familiarity with the building's elevators.

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**4. PROPOSED RESOLUTION:**

That the Finance Committee recommends that the Board of Directors authorize award of the 2016-17 state contracts listed below:

6.1	Vendor TBD - Room Scheduling Software	\$60,000
6.2	Vendor TBD – Classroom K Audio-visual	\$75,000
6.3	KONE Elevator – Snodgrass Hall Elevator Controls	\$57,000

**REPORT ITEM**

1.     **REPORT BY:**         David Seward
2.     **SUBJECT:**         Multi-year Budget Planning – Core Operations & Auxiliary Enterprises
3.     **REPORT:**

An update of the 5-Year Budget Plan for Core Operations and Auxiliary Enterprises will be presented. The materials are in development and will be presented at the February 9, 2017 meeting of the Finance Committee.

## **ACTION ITEM**

1. **REPORT BY:** David Seward
2. **SUBJECT:** Auxiliary Enterprises Budget Report for 2016-17  
-- As of December 31, 2016, and Mid-year Budget Changes
3. **RECOMMENDATION:**

That the Finance Committee recommends that the Board of Directors approve the attached revised 2016-17 mid-year budgets for auxiliary enterprises: McAllister Tower, Parking Garage, Student Health Services, and Business Center.

4. **BACKGROUND:**

Attached are the mid-year budget reports as of December 31, 2016. The revised budget figures were developed after evaluating revenue and expenditures based on year-to-date figures.

### **McALLISTER TOWER**

#### **Expenditures**

- Utilities – The midyear revised budget increases for utility expense by \$80,000. The budget for steam is increasing by \$50,000 to approximate last year's actual expenditure and include a rate increase of about 9% effective September 2016. Budget adjustments to water \$20,000 and electricity \$10,000 were made based on current usage and expenditure levels.
- Maintenance and Special Repairs – This reporting category includes elevator maintenance, building maintenance, window washing, pest control and special repairs. The beginning base budget of \$249,500 approved by the Board in June was increased by \$180,000 at the September 2016 Board meeting: \$100,000 for Skyroom interior finishes renewal and \$80,000 for elevator cab renewal. The midyear revised budget reflects a reduction of \$45,346. Budgetary savings of \$25,000 from the Skyroom renewal project and reallocation of \$25,000 to the "Other Contract Services" budget were made, and the \$80,000 allocation for elevator cab renewal was eliminated with that project deferred until next year.
- Equipment and Building Improvements – Adjustments at midyear are \$23,623 for a trash compactor and bins, and \$13,855 for final payment on the fire pump upgrade project.

## **PARKING GARAGE**

### **Revenues**

- Retail Leases – The budget reflects full-year revenue from established retail leases with Golden Era, Subway, Philz Coffee and the UC Regents for projected revenues of \$356,440. The midyear budget changes reflects CPI adjustments for full-year occupancy.

### **Expenditures**

- Salaries and Wages – The beginning budget included \$105,560 in salaries recharged from the UC Hastings Public Safety department for services provided. The midyear revised budget reflects reduction of \$76,169 subsequent to contract with UCSF PD effective October 2016. Salary savings of \$10,889 are budgeted due to a .5 FTE staff position vacant effective October 31, 2016 and projected to be filled April 1, 2017.
- Regular Contract Services – Subsequent to contracting for security services with UCSF PD effective October 2016, this budget was increased by \$73,857 reflecting that portion of the contract apportioned to support the Parking Garage.

## **5. PROPOSED RESOLUTION:**

Resolved, that the Finance Committee recommends that the Board of Directors approve the attached revised auxiliary enterprise budgets for 2016-17.

## **ACTION ITEM**

- 1. REPORT BY:** David Seward
- 2. SUBJECT:** Nonstate Budget Change

- 3. RECOMMENDATION:**

That the Finance Committee recommends that the Board of Directors approve the 2016-17 nonstate budget change described below.

- 4. BACKGROUND:**

The annual budget for the College is considered by the Board of Directors at its September meeting. Requested is authority to amend the 2016-17 budget for the following items:

- 9.1 The Robert Wood Johnson Foundation – WorkLife Law \$188,420

The Foundation has approved an award entitled Evidence for Action: Investigator-Initiated Research to Build a Culture of Health. This award – in the amount of \$126,700 - supplements a previous grant bringing the total amount to \$188,420. The purpose of the award is to analyze the impact of employers' scheduling practices on low-income workers' health and well-being.

- 9.2 NoVo Foundation – Center for Gender and Refugee Studies \$260,000

The Center for Gender and Refugee Studies (CGRS) has received a three year grant from the NoVo Foundation for general program support. The base grant amount is \$75,000 per year; in 2016-17, this amount is being supplemented by \$35,000 to support programmatic capacity building. This is the first year of the new grant: \$110,000 is budgeted in the current year.

- 9.3 The Moriah Fund – Center for Gender and Refugee Studies \$110,000

CGRS has received a grant from the Moriah Fund for general program support. This the first year of a two-year grant: \$60,000 is budgeted in the current year.

- 9.4 Silicon Valley Community Fund – Center for Gender and Refugee Studies \$400,000

CGRS has received a two-year grant at \$400,000 through the Silicon Valley Community Fund for general programmatic support. \$200,000 is budgeted in the current year.

**5. PROPOSED RESOLUTION:**

That the Finance Committee recommends that the Board of Directors approves revising the 2016-17 nonstate budget as described below:

9.1	Robert Wood Johnson Foundation – Center for WorkLife Law	\$188,420
9.2	Novo Foundation – Center for Gender and Refugee Studies	\$110,000
9.3	The Moriah Fund – Center for Gender and Refugee Studies	\$60,000
9.4	Silicon Valley Community Fund – Center for Gender and Refugee Studies	\$200,000

## **ACTION ITEM**

1. **REPORT BY:** David Seward
2. **SUBJECT:** Endowment Management – Spending Rate for 2017-18

### **3. RECOMMENDATION:**

That the Finance Committee recommend that the Board of Directors approve an endowment spending rate of 4.35% for 2017-18.

### **4. BACKGROUND:**

The Board of Directors has adopted a *Total Return* spending policy for the General Endowment Pool (GEP) for the College's endowed funds. The policy established a baseline spending rate of 4 percent calculated on a 12 quarter rolling average of the market value of endowed funds. The spending rate for any given year would be reflective of market conditions and/or College needs. The Board of Directors approved a modification of the process by adding an Endowment Management Surcharge of .35% for cost recovery purposes.

Payout amounts based on application of alternative payout rates to a 12 quarter rolling averages ending December 2016:

<u>Payout Rate</u>	<u>Payout Amount</u>
3.00%	\$ 854,642
3.25%	\$ 925,862
3.50%	\$ 997,082
3.75%	\$ 1,068,302
4.00%	\$ 1,139,522
4.35%	\$ 1,239,231
4.50%	\$ 1,281,963
5.00%	\$ 1,424,403

Maintaining a spending rate of 4.35% is recommended because its preservation will allow for a modest growth of support for endowed scholarships and professorships.

### **5. PROPOSED RESOLUTION:**

Resolved that the Finance Committee recommends that the Board of Directors approve an endowment payout rate of 4.35% for 2017-18.

## ENDOWMENT MANAGEMENT (APPENDIX)

### Endowment Management – Spending Rate and Payout

For FY 2018 (on 07/01/18)

GL Acct # 39-65157-1207

Fiscal Year	Quarter	Market Value Endowment	Cummulative Total	Number of Quarters	Rolling Average Market Value	Total Payout	Total Payout Amount	Spending Payout Rate	Mngt. Fee Rate	Spending Payout Amt	Mangement Fee Amt
FY 14	03/31/14	27,259,567.76	27,259,567.76	1	27,259,567.76	3.00%	\$ 854,642	2.65%	0.35%	\$ 754,934	\$ 99,708
	06/30/14	28,362,235.57	55,621,803.33	2	27,810,901.67	3.25%	\$ 925,862	2.90%	0.35%	\$ 826,154	\$ 99,708
FY 15	09/30/14	28,544,284.32	84,166,087.65	3	28,055,362.55	3.50%	\$ 997,082	3.15%	0.35%	\$ 897,374	\$ 99,708
	12/31/14	29,032,458.91	113,198,546.56	4	28,299,636.64	3.75%	\$ 1,068,302	3.40%	0.35%	\$ 968,594	\$ 99,708
	03/31/15	29,877,870.40	143,076,416.96	5	28,615,283.39	4.00%	\$ 1,139,522	3.65%	0.35%	\$ 1,039,814	\$ 99,708
	06/30/15	29,418,523.12	172,494,940.08	6	28,749,156.68	4.35%	\$ 1,239,231	4.00%	0.35%	\$ 1,139,522	\$ 99,708
FY 16	09/30/15	27,839,753.61	200,334,693.69	7	28,619,241.96	4.50%	\$ 1,281,963	4.15%	0.35%	\$ 1,182,255	\$ 99,708
	12/31/15	27,569,794.26	227,904,487.95	8	28,488,060.99	5.00%	\$ 1,424,403	4.65%	0.35%	\$ 1,324,695	\$ 99,708
	03/31/16	26,931,013.83	254,835,501.78	9	28,315,055.75						
	06/30/16	27,290,458.69	282,125,960.47	10	28,212,596.05						
FY 17	09/30/16	28,511,746.54	310,637,707.01	11	28,239,791.55						
	12/31/16	28,462,914.22	339,100,621.23	12	28,258,385.10						
12 Quarters Rolling Average - ending Dec 2016					28,488,060.99						



## **REPORT ITEM**

- 1. REPORT BY:** David Seward
- 2. SUBJECT:** Federal Indirect Cost Recovery Rate
- 3. REPORT:**

Indirect costs are the cost of conducting business that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with specific projects (such as individual grants or contracts) or with a specific activities (such as instruction, research, public service). Indirect costs are real costs incurred by the institution to acquire and maintain its buildings and equipment, and to provide operational support. These support services include maintenance and operations (utilities, janitorial services, police services, etc.), library operations and administrative services. For example, accounting and payroll services are administrative functions that are not directly identifiable to specific projects or activities; however these services are necessary for the College to exist.

UC Hastings prepared a cost proposal to the U.S. Department of Health and Human Services (DHHS), our “cognizant federal agency” for the purpose of negotiating indirect cost rates applicable to federally funded contracts and grants. The cost proposals was prepared according to the requirements specified in OBM Circular A-21, Cost Principles for Educational Institutions, using actual cost data from prior year operations. The proposals were reviewed by the federal negotiators and rates are negotiated. The DHHS has agreed to:

- On-Campus Rate 46%
- Off-Campus Rate 26%
- Fringe Benefit Rate 33.7%

While each rate is unique to an institution’s cost structure, by way of comparison, the rate for UCSF – with its cost structure driven by health science activities - ranges from 27.4% to 58.5% depending on the type of project.

## **ACTION ITEM**

- 1. REPORT BY:** David Seward
- 2. SUBJECT:** Rate and Fee Changes

### **3. RECOMMENDATION:**

That the Finance Committee recommends that the Board of Directors approve a \_% rent increase for the residential rentals effective August 1, 2017.

That the Finance Committee ratify the action of the Executive Committee and recommend that the Board of Directors approve increasing the Early Bird rate at the UC Hastings Parking Garage from \$15 to \$18 per day effective February 1, 2017.

### **4. BACKGROUND**

#### **12.1 Student Housing – Residential Rate Increases for 2017-18**

The rent analysis for 2017-18 for McAllister Tower is currently being conducted. It will be distributed to the Finance Committee upon its completion.

#### **12.2 Parking Garage Rate Increase**

Pricing policy for parking at the UC Hastings Garage is to be competitive with nearby facilities. Discounted parking is only provided to students. Proposed is a rate increase from \$15 to 18 per day for the Early Bird rate. Recent rate increases at nearby garages have increased occupancy at the UC Hastings Garage making it more difficult to accommodate students and monthly parkers. Increasing the Early Bird rate to a market comparable will help ameliorate this situation.

### **5. PROPOSED RESOLUTION:**

Resolved that the Finance Committee recommend that the Board of Directors approve a \_% rent increase for the residential rentals effective August 1, 2017.

Be it further resolved, that the Finance Committee ratify the action of the Executive Committee and recommend that the Board of Directors approve increasing the Early Bird rate at the UC Hastings Parking Garage from \$15 to \$18 per day effective February 1, 2017.

## **ACTION ITEM**

- 1. REPORT BY:** David Seward
- 2. SUBJECT:** Time Reporting System Implementation –  
Transition Assistance Program
- 3. RECOMMENDATION:**

That the Finance Committee ratifies the action of the Executive Committee and recommends that the Board of Directors approve the Time Reporting System Implementation - Transition Assistance Program described in this report.

## **4. BACKGROUND:**

UC Hastings College of the Law, as part of the UC Path Project, is transitioning all non-exempt employees to bi-weekly pay on March 22, 2017.

In an effort to minimize the financial hardships for impacted non-exempt career employees, a Transition Assistance Program for Non-Exempt Monthly and Semi-Monthly Paid Employees Converting to Bi-Weekly Paid Status is proposed.

## **TERM SHEET**

UC Hastings College of the Law, as part of the UC Path Project, is transitioning all non-exempt employees to bi-weekly pay on March 22, 2017.

In an effort to minimize the financial hardships for impacted non-exempt employees, the following two transition programs shall be offered for eligible employees who meet the requirements below:

**ELIGIBILITY REQUIREMENTS:** Any non-exempt employee (including probationary and limited term) transitioning from the monthly to the bi-weekly pay cycle meeting the following criteria is eligible:

- Any active covered employee as of February 17, 2017.
1. **INTEREST FREE LOAN:** Eligible employees have the option of obtaining an interest-free loan up to \$2,000.
    - a. Eligible employees may elect any amount between the minimum \$500 and the maximum \$2,000 loan.
    - b. Repayment will be made via payroll deduction. The first installment will be deducted from the bi-weekly paycheck paid on April 19, 2017.
    - c. The loan must be repaid in equal installments per bi-weekly pay cycle. The entire loan balance must be repaid no later than the 12<sup>th</sup> bi-weekly pay day from the date of the first installment, or upon separation from employment, whichever occurs first.

- d. Upon separation from employment, any outstanding loan balance will be deducted from the employee's final paycheck. If the net amount of the employee's final earnings is insufficient to repay the loan, the employee will repay the remaining outstanding balance with a personal check.
- e. There is no pre-payment penalty, should an employee wish to pay it back earlier.
- f. There will be no taxes or deductions withheld from the loan.

**And**

- 2. **VACATION/COMPENSATORY TIME CASH OUT:** Eligible employees alternatively have the option of cashing-out up to 80 hours (in whole hour increments) of accrued vacation or compensatory time as of the date of implementation of the program. If an eligible employee has a compensatory time off bank, such hours can also be used; however, under no circumstances can more than 80 hours be cashed out in connection with the TRS transition.
  - a. Amount of Cash Out: Up to 80 hours of actual verified accrued vacation or compensatory time off will be deducted from the employee's balance(s) and paid to the employee the March 1, 2017 paycheck.
  - b. Vacation and compensatory time cash out will be treated as taxable income on the employee's 2017 W-2 and are taxed at the higher applicable rate.
- 3. **COMBINATION:** Eligible employees may, at their election, choose a combination of both the interest free loan and a vacation/compensatory time cash out.
- 4. **PROGRAM REQUEST PERIOD:** The time period within which an employee shall have the right to request the loan or vacation cash out will conclude on February 17, 2017. Employees may only submit one request during this time period.
- 5. **DISBURSEMENT:** Disbursement of loans will be made on March 1, 2017.

**5. PROPOSED RESOLUTION:**

That the Finance Committee ratifies the action of the Executive Committee and recommends that the Board of Directors approve the Time Reporting System Implementation - Transition Assistance Program described in this report.

**REPORT ITEM**

- 1. REPORT BY:** David Seward
- 2. SUBJECT:** Update on IRS Audit of 403b and 457 Plans
- 3. REPORT:**

An oral report will be presented updating the Finance Committee on the IRS audit of the 403b and 457 Plans managed by the University of California. Attached is the complete set of information requests transmitted to the College by the IRS.



Department of the Treasury  
Internal Revenue Service  
TEGE Employee Plans  
IRS-TE/GE  
450 Golden Gate Ave., Stop 7-4-01  
San Francisco, CA  
94102

HASTINGS COLLEGE OF THE LAW UNIVERSITY  
OF CALIFORNIA  
Attn: David Seward  
Office of Fiscal Services  
200 McAllister Street  
San Francisco, CA 94102

Date: August 31, 2016  
Taxpayer Identification Number: 94-2581680  
Name of Plans: 403(b) and 457(b)  
Plan Year(s) Ended: December 31, 2014  
Appointment Date: Tuesday, 10/18/2016  
Appointment Time: 9:00 a.m.  
Appointment Place: 200 McAllister Street, SF  
Person to Contact/ID Number: Mary M Shanley  
0249904  
Contact Telephone Number: 415-837-6670

Dear Sir :

We selected your Internal Revenue Code Section 403(b) and 457(b) plans for examination for the plan year listed above, and arranged the date and time, also listed above. The attached, *Information Document Requests*, lists documents and information we need to conduct our examination.

You must provide a written power of attorney if you want someone other than employees or officers of the company to receive or discuss confidential information during the examination. You can use Form 2848, *Power of Attorney and Declaration of Representative*. Your representative won't be permitted to receive or discuss confidential information if you don't provide this written authorization.

To shorten the examination time, please have these items available at the scheduled appointment. As provided in Treasury Regulations Section 301.7605-1(d), the examination should generally be conducted at your place of business.

If you have questions, you can call me at the telephone number listed at the top of this letter. If I do not hear from you, I will contact you by telephone after 14 days from the date of this letter to confirm or reschedule the date of the examination, if necessary.

Thank you for your cooperation.

Sincerely,

A handwritten signature in cursive script that reads "Mary Shanley".

Mary Shanley  
Employee Plans Specialist

Enclosures:

Forms 4564- IDR (Information Document Request) EP-1 to EP-12

Form <b>4564</b>	Department of the Treasury – Internal Revenue Service <b>Information Document Request</b>	Request Number: EP-1
Name of Taxpayer UC Hastings College of the Law Office Of Fiscal Service San Francisco, CA 94102		Subject: Communications Agreement
		Plan Type Submitted to: David Seward, CFO
		Tax period(s): 12/31/2014
(Please return a copy of this form to the requestor along with the listed documents.)		Dates of Previous Requests:

**Description of documents requested:**

Under the provisions of Internal Revenue Code (IRC) section 6103, the following information is requested to assure IRS examiners are working with authorized members of your staff. We ask that you provide a letter on your company letterhead which identifies the appropriate individuals and their title for the following matters:

1. To receive document requests, conduct meetings and discuss the examination progress etc. Identify which individual will be the primary contact person for the examination.
2. To furnish records and information to IRS personnel.
  - a. Staff members familiar with payroll, benefits, and human resources departments.
  - b. Staff members who can provide records and information relative to records maintained on electronic
3. Has authority to execute statute of limitation extensions for tax assessment periods. Examples would be extensions on Form 941s, Employer Quarterly Federal Tax Returns.
4. Has authority to receive and discuss proposed adjustments; and authority to approve or reject the final adjustments or agreements proposed on each issue.

We request that this letter be signed by you or a similar official authorized to reach agreements which bind UC Hastings College of the Law. See attached example.

If you would like any of this information to be discussed with an administrator/counsel not employed by UC Hastings College of the Law, please have them prepare and execute a Form 2848, Power of Attorney and Declaration of Representative, for purposes of our examination.

<b>Information Due by:</b> <del>10/3/2016</del>	
<b>From:</b> Name and Title of Requester: <i>MS</i> Mary Shanley EP Specialist	Employee ID: 02-49904 Date: 8/31/2016
Office Location: IRS - TEGE EP - 7688 450 Golden Gate Ave., Stop 7401 San Francisco, CA 94102	Telephone: (415) 837-6670 Secure Fax: (855) 230-2576



## YOUR LETTER HEAD

DATE

[agent's name & address]

RE: Employee Plans Examination Authorization Statement

Dear XXXXX:

In connection with your examination of [taxpayer name] various benefit plans for the plan year ending XXXX,

1  
2

The following individuals are authorized to provide records and information:

1  
2

The following individuals are authorized to sign consents to extend the statute of limitations:

1  
2

The following individuals are authorized to discuss proposed adjustments and approve or reject any final

1  
2

Sincerely,

Name

Title

Form <b>4564</b>	Department of the Treasury – Internal Revenue Service <b>Information Document Request</b>	Request Number: EP-2
Name of Taxpayer UC Hastings College of the Law Office Of Fiscal Service San Francisco, CA 94102		Subject: 403(b) and 457(b) Plan Documents
		Plan Type Submitted to: David Seward, CFO
		Tax period(s): 12/31/2014
(Please return a copy of this form to the requestor along with the listed documents.)		Dates of Previous Requests:

**Description of documents requested:**

**PURPOSE OF REQUEST:** To document plan provisions and ensure that the plan meets requirements of the Internal Revenue Code, the following documents are requested:

Please provide the information listed in 1, 2, 4 and 5 prior to the examination in electronic format if possible. Please mail or fax this information to the address below by the date indicated below. \*

**For the 403(b) Plan:**

1. A short summary/history of the 403(b) plan including
  - a. The original effective date of the plan,
  - b. The employees permitted to participate, and
  - c. How employees are notified of eligibility.
2. Copies of
  - a. The signed and dated written plan document adopted by 12/31/2009, including the adoption
  - b. Signed and dated subsequent amendments to the plan.
  - c. Any ruling, including private letter rulings, issued by the Internal Revenue Service for the 403(b) plan.
3. The summary plan description (SPD), policy statements, employment handbooks, enrollment packages

**For the 457(b) Plan:**

4. A short summary/history of the 457(b) plan including
  - a. the original effective date of the plan,
  - b. the employees permitted to participate, and
  - c. how employees are notified of eligibility.
5. Copies of
  - a. The signed and dated written plan document, including the adoption agreement (if applicable).
  - b. Signed and dated subsequent amendments to the plan.
6. The summary plan description (SPD), policy statements, employment handbooks, enrollment packages

<b>Information Due by:</b> * 10/3/2016		<b>At next appointment:</b>	<b>By Mail:</b> X
<b>From:</b>	Name and Title of Requester: <i>MS</i> Mary Shanley EP Specialist	Employee ID: 02-49904	Date: 8/31/2016
	Office Location: IRS - TEGE EP - 7688 450 Golden Gate Ave., Stop 7401 San Francisco, CA 94102	Telephone: (415) 837-6670 Secure Fax: (855) 230-2576	

Form <b>4564</b>	Department of the Treasury – Internal Revenue Service <b>Information Document Request</b>	Request Number: EP-3
Name of Taxpayer UC Hastings College of the Law Office Of Fiscal Service San Francisco, CA 94102		Subject: Internal Controls
		Plan Type: Submitted to: David Seward, CFO
		Tax period(s): 12/31/2014
(Please return a copy of this form to the requestor along with the listed documents.)		Dates of Previous Requests:

**Description of documents requested:**

**PURPOSE OF REQUEST:** The attached questionnaire will be used to provide:

1. An overview of the organization.
2. An understanding of various functions related to the organization.
3. An understanding of how various plans maintained by the organization are administered.

Please provide a brief response to each question.

Mail or fax to the address below prior to the on-site visit.

<b>Information Due by:</b> <del>10/3/2016</del> * 10/3/2016		<b>At next appointment:</b>	<b>By Mail:</b> X
<b>From:</b>	Name and Title of Requester: <i>MS</i> Mary Shanley EP Specialist	Employee ID: 02-49904	Date: 8/31/2016
	Office Location: IRS - TEGE EP - 7688 450 Golden Gate Ave., Stop 7401 San Francisco, CA 94102	Telephone: (415) 837-6670 Secure Fax: (855) 230-2576	

Organization Name: UC Hastings College of the Law	PLEASE COMPLETE AND RETURN TO IRS BY 10/3/2016
<b>INTERNAL CONTROLS QUESTIONNAIRE</b>	Attachment to IDR-3

*Please provide brief answers to the items below. If space is not enough, use attachment.*

*Provide info as applicable to plans maintained by the organization.*

*If information has already been provided in another IDR response, please indicate the number of the IDR.*

<b>ENTITY BACKGROUND:</b> (Data provided by: Name/Title)	
1	Describe the nature of your business activity /services provided/type of customer.
2	When was business established / incorporated?
3	Describe the Workforce / types of employees. [professional/clerical/labor, etc]
4	Explain any use of temporary, seasonal or part time employees?
5	Do you have any leased employees? If so, how are they used?

<b>SYSTEM PROCEDURES AND INTERNAL CONTROLS</b>	
<b>HR and Personnel Responsibilities</b> (Data supplied by : (Name/Title)	
6	Is there a separate HR/Personnel Department?
7	Who manages/supervises that department? Name/Title
8	What is the system in use for the processing of human resources employee information?
9	Is there an Employee Benefit Guide/Manual? How often is this updated and communicated? Please provide a copy of the manual?
10	How do you assure personnel records from all controlled group members are properly accounted for? (Personnel includes any other individuals who perform services for the company including leased employees).
11	Describe the hiring and termination process and indicate the individual(s) responsible for these duties
12	Are written applications used when an employee is hired? Copy kept in EE file?
13	What record is used to verify birth date?
14	What record is used to verify identity, SSN, legal work status? Copies in EE file? If not, where?
15	Are detailed personnel records kept? Paper or electronic? What is included? Who has access to it? How long and where are they kept?
16	Explain how and who determines/sets the number of hours worked?
17	Is the current rate of compensation recorded in the

Organization Name: UC Hastings College of the Law	PLEASE COMPLETE AND RETURN TO IRS BY 10/3/2016
<b><u>INTERNAL CONTROLS QUESTIONNAIRE</u></b>	Attachment to IDR-3

	Employee's file?	
18	How are transferred and rehired employees handled? How is this information communicated to the plan administrator?	
19	How is qualified military service accounted for under IRC Section 414(u)?	
20	How is Employee information provided to a Third Party Administrator / Payroll Service?	
21	Who is responsible for reconciling accuracy of data to the outside party?	
22	Are employees permitted to have outside employment? Is there any requirement to notify the employer of their outside employment? Is there any coordination of the 402(g) dollar limits if the employee is covered by another 403(b) or 401(k) plan?	

<b><u>Payroll Function</u></b>		
(Data supplied by : (Name/Title)		
23	Is there a separate payroll department?	
24	Who manages/supervises that dept? (Name/Title)	
25	Is Payroll prepared <u>in house</u> ? (Name/Title) Are all EE's on one payroll? Any specific groups handled separately? Explain	
26	When is payroll normally prepared? Describe how payroll is prepared. Manual/Computer	
27	What other types of payments are made to employees and how are they processed? (For example, bonuses, commissions, executive compensation, etc.) Is cash offered in lieu of health insurance?	
28	Identify any payments to employees that do not flow through payroll as gross income. How are they handled and communicated? Identify payments not subject to FICA and or Medicare and why?	
29	When do manual checks arise? How are manual checks put into the system? What checks are in place to determine if a manual check or correction of pay is needed? How do you ensure manual checks are properly included for plan purposes (compensation, deferrals, etc.)?	
30	Length of the pay period? Is there a Holdback period? Lag time to pay? What is normal payday?	
31	How are payroll records kept? In house? Paper or electronic?	

Organization Name: UC Hastings College of the Law	PLEASE COMPLETE AND RETURN TO IRS BY 10/3/2016
<b><u>INTERNAL CONTROLS QUESTIONNAIRE</u></b>	Attachment to IDR-3

32	Outside service? Name/Contact How maintained? Paper or electronic? How is pay info transmitted to payroll service?	
33	Who is responsible for making changes to the internal systems (such as adding new payroll codes)? What types of processes are in place to segregate duties and provide checks and balances?	
34	How are payroll errors corrected and how is the correction communicated to the plan administrator?	
35	Who prepares payroll checks? Name/Title Who signs payroll checks? Name/Title	
36	How is payroll distributed to EES? Paper/Elect	
37	Is direct deposit used? All EEs?	
38	When and how are withholdings remitted?	
39	When and how are salary deferrals and/or other deductions remitted to vendors?	
40	What controls are in place to monitor participant deferrals including special catch up contributions?	
41	Does payroll calculate matching and employer contribution amounts (if applicable)? What procedures are in place to make sure correct data is used?	
42	Who approves /authorizes payroll totals? Name/Title Who checks validity and accuracy before chks signed?	
43	Are the employees listed on the payroll data validated against the plan administrator's data and/or benefit's department employee listing? How and when is it done?	
44	Do payroll summaries include per pay period and YTD? How given to employees?	
45	When an employee is terminated, what types of benefits are paid out and when are they paid? (Example severance and accumulated leave)	
46	Who is responsible for preparing DOL, SSI and State unemployment reports? Name/Title How Prepared? Manual / Computer	
47	Who is responsible for W-2s? Name/Title How Prepared? Manual/ Computer	
48	Who prepares 940/941? Who files?	
49	If payroll service is used, how is info reported to ER? Paper/Electronic?	
50	How many EEs currently on payroll?	

Organization Name: UC Hastings College of the Law	PLEASE COMPLETE AND RETURN TO IRS BY 10/3/2016
<b><u>INTERNAL CONTROLS QUESTIONNAIRE</u></b>	Attachment to IDR-3

PLAN ADMINISTRATION: (Data supplied by : (Name/Title))		Provide info for each pension plan maintained. [403, 457, 401 plans]
<b>Plan Document:</b>		
1	Please list all pension/retirement plans currently maintained and indicate what type they are.	
2	Are any non-qualified plans maintained? Are the non-qualified contributions included in the employee's W-2 compensation amount for the year? (Example severance pay, PTO or accrued leave (annual or at termination), retention payments, incentive pay (annual or long term), early retirement, SERPS, executive flex plans)	
3	If applicable, has plan received a determination letter? Been amended since the last determination letter?	
4	Who maintains the Plan documents? Who keeps it qualified/amended for current law?	

Plan Operations:		Describe for each pension plan maintained.
5	Who within the organization is most familiar with <u>each</u> plan's operation? List for each type of plan, if applicable - Plan/ Name/Title/	
6	Who is the Administrator/Trustee? Plan/Name/Title	
7	What outside professionals are involved w/plans' administration? What are their duties?	
8	Who coordinates plan information with third party administrator? How is it provided? How verified?	
9	What system/procedure used to gather Employee Census data such as compensation, age, date of birth? Who prepares/updates the census information for eligibility, coverage, and participation?	
10	What types of personnel/payroll records are kept in house? Paper/Computer?	
11	What types of records/reports does the Trustee/Administrator maintain? Paper/Computer	
12	What controls are in place to ensure that the compensation amounts actually used by the plan in operation meet the definitions used by the written plan document?	
13	Who determines how much money to put in the plan each year? Who is authorized to make deposits to the trust? How made? What separation of duties exists between payroll and payables? What levels of authorization are required?	
14	How often are Matching contributions deposited to the	

Organization Name: UC Hastings College of the Law	PLEASE COMPLETE AND RETURN TO IRS BY 10/3/2016
<b><u>INTERNAL CONTROLS QUESTIONNAIRE</u></b>	Attachment to IDR-3

	plans? If with deferrals each pay period, is there a "true up" at the end of the year?	
15	What specific reports are prepared and available relating to universal availability? If plan provides matching contributions, who prepares Non-discrimination testing and who is responsible for any required corrective actions?	
16	Who determines when an employee is eligible to participate and how is the employee notified about his/her eligibility?	
17	How are the employees informed of the plan and/or changes to the plan? Are they notified annually or more often? SPD/SMM provided? Describe for each distinct class of employee: FT, PT, Temps, etc.	
18	By what method are salary reduction elections made? Paper/Phone/Internet? How are changes to salary reductions handled? Paper/Phone/Internet?	
19	Who provides terminated participants all required notices and consent forms?	
20	Who determines amount payable upon term/ret? Who pays the benefits and how are distributions handled?	
21	Who is responsible for tax withholding and filing Forms 1099-R and 945?	
22	Does plan provide loans? If so, what procedures are in place to document and monitor them? How are defaulted loans handled? Who has responsibility for these duties? Who maintains the records?	
23	If hardship distributions are permitted, describe the procedures in place for processing requests. Who is responsible (employer/vendor) for verifying the need and who makes the initial approval /denial of the request? Who maintains the records?	
	<b><u>Trust Assets/Annuity-Custodial Accounts:</u></b>	
24	Who holds the plan's assets? What vendors are used for Annuity/Cust Accts? List for each Plan? (If information provided in Vendor IDR, can disregard)	
25	Who manages plan's investments? Who is service provider/recordkeeper? List for each Plan?	
26	What are the duties of the Trustee/Service Provider? Same for all plans? Note any differences.	



Organization Name: UC Hastings College of the Law	PLEASE COMPLETE AND RETURN TO IRS BY 10/3/2016
<b>INTERNAL CONTROLS QUESTIONNAIRE</b>	Attachment to IDR-3

	<b>Reporting Requirements:</b>	
27	Who prepares 5500? SAR? When filed? Note for each plan- as applicable.	
28	Who prepares Form 990 and other required Employer Returns? When filed? Extension filed?	
29	Who prepares 940/941? W-2's? Any 1099's issued to independent contractors? Any individuals receive both?	
30	Have there been any Prohibited Transactions in current or preceding plan years? Corrected?	
31	Any Forms 5330 ever filed? For what?	
32	Has the return under examination been amended?	
33	Has IRS, DOL or PBGC examined any of your other returns currently or in recent years?	
	<b>VCP/Issues:</b>	
34	Has any plan been submitted to IRS under the Voluntary Compliance Program? If so what were the issues, and how were they resolved? How did this impact other plans	
35	Have any operational/form defects occurred that have been corrected? What actions were taken?	
36	Did you discover any operational or form defects while preparing for the examination? What corrective actions have been taken?	
37	Any other concerns to disclose before we start the examination?	

Use attachment if more space needed.

Form <b>4564</b>	Department of the Treasury – Internal Revenue Service <b>Information Document Request</b>	Request Number: EP-4
Name of Taxpayer UC Hastings College of the Law Office Of Fiscal Service San Francisco, CA 94102		Subject: Vendor Information - 403(b)/457(b) Plan
		Plan Type 403/457
		Submitted to: David Seward, CFO
		Tax period(s): 12/31/2014
(Please return a copy of this form to the requestor along with the listed documents.)		Dates of Previous Requests:

**Description of documents requested:**


**PURPOSE OF REQUEST:** To verify contracts meet the requirements of 403(b) and funding requirements of 457(b), please provide:

**For the 403(b) Plan:**

1. A list of all vendors receiving the participants' deferrals under the 403(b) plan during the year(s) being examined.
2. A list of all vendors that held plan assets but did not have a payroll slot for salary deferrals, and the information sharing agreements signed by these vendors.
3. Copies of all service / recordkeeping agreements with the 403(b) annuity / custodial account providers.
4. Sample copies of the annuity contracts or custodial account agreements which were offered during the year under examination to the participants, including the applicable forms such as for enrollment, deferral election, withdrawal request, hardship and loan requests.

**For the 457(b) Plan:**

1. A list of all vendors receiving the participants' deferrals under the 457(b) plan during the year(s) being examined.
2. Copies of all service / recordkeeping agreements with the 457(b) providers.
3. Sample copies of the annuity contracts or custodial account agreements which were offered during the year under examination to the participants, including the applicable forms such as for enrollment, deferral election, withdrawal request, unforeseeable emergency and loan requests.


Information Due by: 10/18/2016		At next Appointment: X	Mail-in:
From:	Name and Title of Requester:  Mary Shanley EP Specialist	Employee ID: 02-49904	Date: 8/31/2016
	Office Location: IRS - TEGE EP - 7688 450 Golden Gate Ave., Stop 7401 San Francisco, CA 94102	Telephone: (415) 837-6670 Secure Fax: (855)230-2576	

Form <b>4564</b>	Department of the Treasury – Internal Revenue Service <b>Information Document Request</b>	Request Number: EP-5
Name of Taxpayer UC Hastings College of the Law Office Of Fiscal Service San Francisco, CA 94102		Subject: Authority to Maintain 403(b) & 457(b) Plans
		Plan Type 403(b)/457
		Submitted to: David Seward, CFO
		Tax period(s): 12/31/2014
(Please return a copy of this form to the requestor along with the listed documents.)		Dates of Previous Requests:

**Description of documents requested:**

**PURPOSE OF REQUEST:** To verify the eligibility of your entity to maintain a 403(b) & 457(b) plans, please provide: (Where possible, electronic format is preferred.)

1. **For a governmental entity-** a public school as described in section 170(b)(1)(A)(ii):
  - a) A brief description of your direct or indirect affiliation with any State –sponsored educational organization,
  - b) Indicate the number of regular faculty and enrolled body of students,
  - c) A very brief description of your curriculum.
  - d) An explanation of why, if you treat yourself as non-governmental for any other purpose under the Internal Revenue Code?
  - e) A copy of any Private Letter Ruling from the Internal Revenue Service stating that you are a governmental employer, and
  - f) A copy of any favorable 501(c)(3) exemption letter received from the Internal Revenue Service.


Information Due by: 10/18/2016		At next Appointment: X	Mail-in:
From:	Name and Title of Requester: Mary Shanley  EP Specialist	Employee ID: 02-49904	Date: 8/31/2016
	Office Location: IRS - TEGE EP - 7688 450 Golden Gate Ave., Stop 7401 San Francisco, CA 94102	Telephone: (415) 837-6670 Secure Fax: (855)230-2576	

Form <b>4564</b>	Department of the Treasury – Internal Revenue Service <b>Information Document Request</b>	Request Number: EP-6
Name of Taxpayer UC Hastings College of the Law Office Of Fiscal Service San Francisco, CA 94102		Subject: Other Plans and Benefits
		Plan Type Submitted to: David Seward, CFO
(Please return a copy of this form to the requestor along with the listed documents.)		Tax period(s): 12/31/2014
		Dates of Previous Requests:

**Description of documents requested:**

**PURPOSE OF THIS REQUEST:** To verify the qualified status of related plans, determine if any plans are required to be aggregated, and to identify any plans of deferred compensation, please provide the following: (Electronic format is preferable.)

1. Identify and describe each qualified retirement plan offered or made available to any or all employees. Some examples would include retirement plans designed to qualify under IRC Section 401(a), IRC Section 403(b) or IRC Section 457 plans. The description should include:
  - a. Date established / frozen / terminated
  - b. Classification of employees covered
  - c. Description of benefit
2. Identify and describe all other benefit plans, arrangements or programs which are offered to employees. Such as but not limited to health and welfare, cafeteria [125] plan, unused sick and vacation payouts, early retirement, severance, separation pay, bonus / incentive pay, supplemental employee retirement [SERP], excess benefit, executive flexible benefits, retention pay arrangements.
  - a. Date established / frozen / terminated
  - b. Classification of employees covered
  - c. Description of benefit
3. Describe any plan or policy in place that facilitates the conversion of any employee's benefits into a retirement benefit, such as accrued sick and vacation leave, and explain the process.
4. Describe any cash options in lieu of employer paid health benefits.
5. Identify any payments that are not subject to employment tax, explain why and if the Service has issued a ruling.

<b>Information Due by:</b> 10/18/2016		<b>At next appointment:</b> X	<b>By Mail:</b>
<b>From:</b>	Name and Title of Requester:  Mary Shanley EP Specialist	Employee ID: 02-49904	Date: 8/31/2016
	Office Location: IRS - TEGE EP - 7688 450 Golden Gate Ave., Stop 7401 San Francisco, CA 94102	Telephone: (415) 837-6670 Secure Fax: (855) 230-2576	


Form <b>4564</b>	Department of the Treasury – Internal Revenue Service <b>Information Document Request</b>	Request Number: <b>EP-7</b>
To: (Name of Taxpayer and Plan) UC Hastings College of the Law Office Of Fiscal Service San Francisco, CA 94102		Subject: Organization Information
		SAIN Number Submitted to: David Seward, CFO
		Tax period(s): (Calendar Year Beginning in Plan yr) 12/31/2014
(Please return a copy of this form to the requestor along with the listed documents.)		Dates of Previous Requests:

**Description of documents requested:**

**PURPOSE OF REQUEST:** To provide an understanding of the organization for various aspects of the audit *for the year(s) under examination*, please provide the following:

**(Electronic format is preferable.)**

1. Organizational Chart.
2. List of any controlled group members, affiliated or other related including
  - a. Employer identification numbers.
  - b. Type of entity, i.e.: tax exempt, for profit, partnership, disregarded.
  - c. If the entity participates in the 403(b) plan being examined or a separate 403(b) plan.
  - d. Any other retirement plans sponsored by any of these entities.
3. Copies of any minutes maintained by the administrative committee or other individuals responsible for making decisions concerning the retirement plans.
4. Audit reports issued by an outside CPA firm or internal auditors relating to the plan.
5. Organization's annual report and financial statements.
6. A brief explanation of any issues pending before the IRS, DOL or PBGC concerning any of the plans sponsored by any members of the controlled group.
7. Please provide a summary of any litigation involving the plan or the administration of the plan.
8. If the plan has been submitted for correction under the Voluntary Correction Program through the Employee Plans Compliance Resolution System (EPCRS), please provide a copy of the ruling and confirmation of the

<b>Information Due by:</b>		<b>10/18/2016</b>	<b>At next appointment: X</b>	<b>By Mail:</b>
<b>From:</b>	Name and Title of Requester:	Mary Shanley 	EP Specialist	Employee ID: 02-49904
	Office Location:	IRS - TEGE EP - 7688 450 Golden Gate Ave., Stop 7401 San Francisco, CA 94102		Date: 8/31/2016
		Telephone: (415) 837-6670 Secure Fax: (855) 230-2576		


Form <b>4564</b>	Department of the Treasury – Internal Revenue Service <b>Information Document Request</b>	Request Number: EP-8
Name of Taxpayer UC Hastings College of the Law Office Of Fiscal Service San Francisco, CA 94102		Subject: Employee Census and Payroll Data
		Plan Type Submitted to: David Seward, CFO
		Tax period(s): 12/31/2014
(Please return a copy of this form to the requestor along with the listed documents.)		Dates of Previous Requests:

### Description of documents requested:

**PURPOSE OF REQUEST** – This data is used to verify compliance of various operations of the plan, including to determine the eligibility status of employees, nondiscrimination requirements, distribution requirements and reporting.

**Please provide an EXCEL spreadsheet showing all employees who received compensation during the calendar year(s) noted above, including non-permanent employees considered ineligible for employee benefits, such as Substitute Teachers, PRN's, Casual Associates, Independent Contractors, temporary or leased employees, with the following data:**

- 1 Social Security Number (SSN) formatted as text with no dashes, maintain leading zeroes.
- 2 Employee ID or Payroll Number.
- 3 Name (Last, First).
- 4 Organization Code.
- 5 Dates of birth, hire, participation in the plan, and termination of employment (date format - MM/DD/YYYY).
- 6 Employee classifications (part/ full-time, salaried, hourly, seasonal, union, non-resident, etc.).
- 7 Department/ Position title and if applicable, a key to any unique identifiers utilized for each employee (i.e., department, job title, full-time, seasonal, etc.).
- 8 Salary/rate of pay, pay period (monthly/weekly, etc.).
- 9 Hours worked for year under exam.
- 10 Code for any Collective bargaining agreement covering the employee.
- 11 Indicate by type what plans the employee participates in (403(b), 457(b), 401(k), Defined Benefit, etc.).
- 12 Indicate the elected deferral percentage or dollar amount in effect for the year.
- 13 Employee contribution amount(s): indicate deferral, after tax, ROTH and by plan type
- 14 Employer contribution amount: indicate whether discretionary or matching, and by plan type.
- 15 Payroll deductions for plan loans, if applicable.
- 16 From the final payroll of the calendar year, include the following year-to-date amounts:
  - a. Wages subject to federal income tax, Social Security and Medicare,
  - b. Any IRC section 125 benefits broken down by type, such as child care, flexible spending.


<b>Information Due by:</b> 10/18/2016		<b>At next appointment:</b> X		<b>By Mail:</b>	
<b>From:</b>	Name and Title of Requester: Mary Shanley  EP Specialist		Employee ID: 02-49904	Date: 8/31/2016	
	Office Location: IRS - TEGE EP - 7688 450 Golden Gate Ave., Stop 7401 San Francisco, CA 94102		Telephone: (415) 837-6670 Secure Fax: (855)230-2576		

Form <b>4564</b>	Department of the Treasury – Internal Revenue Service <b>Information Document Request</b>	Request Number: EP-9
Name of Taxpayer UC Hastings College of the Law Office Of Fiscal Service San Francisco, CA 94102		Subject: W-2 Data
		Plan Type: Submitted to: David Seward, CFO
		Tax period(s): 12/31/2014
(Please return a copy of this form to the requestor along with the listed documents.)		Dates of Previous Requests:

**Description of documents requested:**

**PURPOSE OF REQUEST** - To verify proper reporting of salary deferrals or deferred compensation, please provide W-2 Data for the year(s) noted above, as follows:

1. A copy of the electronic file submitted to the Social Security Administration containing Form W2 data. This file should contain the same data elements and record layout as specified in Social Security publication EFW2 (Specifications for Filing Forms W-2 Electronically).
2. Copies of corrected or late Forms W-2 should be included.
3. Copy of Form W-3


<b>Information Due by:</b> 10/18/2016		<b>At next appointment:</b> X	<b>By Mail:</b>
<b>From:</b>	Name and Title of Requester: Mary Shanley  EP Specialist	Employee ID 02-49904	Date: 8/31/2016
	Office Location: IRS - TEGE EP - 7688 450 Golden Gate Ave., Stop 7401 San Francisco, CA 94102	Telephone: (415) 837-6670 Secure Fax: (855) 230-2576	

Form <b>4564</b>	Department of the Treasury – Internal Revenue Service <b>Information Document Request</b>	Request Number: EP-10
Name of Taxpayer UC Hastings College of the Law Office Of Fiscal Service San Francisco, CA 94102		Subject: Employment Contracts
		Plan Type: Submitted to: David Seward, CFO
		Tax period(s): 12/31/2014
(Please return a copy of this form to the requestor along with the listed documents.)		Dates of Previous Requests:

**Description of documents requested:**

**PURPOSE OF REQUEST:** To review deferred compensation arrangements and verify compliance with IRC sections 457(f), 83, or 409A for the year(s) under examination, please provide the following:

1. Identify and provide a copy of any contract covering any specific group of employees.
2. List all employees covered by individually designed employment contracts. Provide copies of the ten highest paid on the list and the top 5 executives.
3. List and provide copies of all Collective Bargaining Contracts.

<b>Information Due by:</b> 10/18/2016		<b>At next appointment:</b> X	<b>By Mail:</b>
<b>From:</b>	Name and Title of Requester: Mary Shanley  EP Specialist	Employee ID 02-49904	Date: 8/31/2016
	Office Location: IRS - TEGE EP - 7688 450 Golden Gate Ave., Stop 7401 San Francisco, CA 94102	Telephone: (415) 837-6670 Secure Fax: (855)230-2576	




Form <b>4564</b>	Department of the Treasury – Internal Revenue Service <b>Information Document Request</b>	Request Number: EP-11
Name of Taxpayer UC Hastings College of the Law Office Of Fiscal Service San Francisco, CA 94102		Subject: Contributions/Limits/Deposits/Allocations
		Plan Type: Submitted to: David Seward, CFO
		Tax period(s): 12/31/2014
(Please return a copy of this form to the requestor along with the listed documents.)		Dates of Previous Requests:

**Description of documents requested:**

**PURPOSE OF REQUEST:** To verify deferred amounts are timely deposited, meet dollar limitations in effect, as well as any applicable non-discrimination requirements, please provide the following items in electronic format: Items 1, 2 and 3 should be in Excel spreadsheet as PDF format is not usable.

- 1 For each plan year(s) under examination, a schedule of participants by name and SSN showing amounts contributed as elective deferrals, matching and discretionary employer contributions, forfeitures and loan repayments. Contributions should be broken out by vendor and plan type.
- 2 For the year(s) under examination, please secure a list from each Vendor reconciling amounts deposited for the year to each participant. This is used to compare amounts withheld from the Participant's pay and to verify amounts paid to the vendor are properly allocated to the correct Participant.
- 3 For the year(s) under examination, a listing of all deposits made to vendors. Include the date paid [Electronic transfers, cancelled checks, etc.], and identify amounts deposited as Employee contributions, Employer Contributions, loan repayments, rollovers, etc A sample of backup documentation may be requested at a later time.

<b>Information Due by:</b> 10/18/2016		<b>At next appointment:</b> X	<b>By Mail:</b>
<b>From:</b>	Name and Title of Requester:  EP Specialist	Employee 02-49904	Date: 8/31/2016
	Office Location: IRS - TEGE EP - 7688 450 Golden Gate Ave., Stop 7401 San Francisco, CA 94102	Telephone: (415) 837-6670 Secure Fax: (855) 230-2576	

Form <b>4564</b>	Department of the Treasury – Internal Revenue Service <b>Information Document Request</b>	Request Number: EP-12
Name of Taxpayer UC Hastings College of the Law Office Of Fiscal Service San Francisco, CA 94102		Subject: Distributions
		Plan Type: Submitted to: David Seward, CFO
		Tax period(s): 12/31/2014
(Please return a copy of this form to the requestor along with the listed documents.)		Dates of Previous Requests:

### Description of documents requested:

**PURPOSE OF REQUEST:** To verify that distributions are made in accordance with plan provisions and the requirements of IRC section 403(b)(11) or 457(b)(7) and 401(a)(9), please provide the following for the year(s) noted above:

- An excel spreadsheet showing all plan distributions to all active and inactive participants. The spreadsheet should contain the following data:
  - Name [last, first]
  - SSN
  - Dates of Birth, Hire\*, and Termination\* [Format YYYY/MM/DD] \* If multiple dates, provide all
  - Distribution/Transfer Amount
  - Date of Distribution/Transfer
  - Distribution Reason (severance, age 70 ½, death, hardship, in-service, QDRO, transfer, purchase service credit).
  - Reason for hardship distributions
  - Distribution Form (lump sum, annuity, installment, direct transfer).
  - Federal Income Tax Withholding amount
- Excel spreadsheet of Form 1099R's for year noted above. (PDF format is not usable.)
- Sample copy of 402(f) notification given to participants during the year noted above and current year.
- Describe the procedures for applying for distributions; including hardship and purchase of service credit. Identify what documentation the vendor requires from the employer and participant. Provide blank samples of all application forms used to request withdrawal and transfer from the plan.
- If 403(b) plan permits hardship distributions are permitted briefly explain:
  - If safe harbor is used, and if not, what other reasons for hardship are permitted.
  - Who retains the documents signed by the employer and employee to authorize the distribution .
  - Who documents the participant's financial need and lack of other resources.
  - How is employer notified to suspend deferrals for 6 months and how participant is notified 6 months is over. Provide samples of such notices.
- If 457 plan permits Unforeseeable Emergency Distributions, describe:
  - How the need is documented.
  - How the request is made.
  - How the distribution is reported.

<b>Information Due by:</b> 10/18/2016		<b>At next appointment:</b> X		<b>By Mail:</b>	
<b>From:</b>	Name and Title of Requester: Mary Shanley EP Specialist	Employee ID: 02-49904	Date:	8/31/2016	
	Office Location: IRS - TEGE EP - 7688 450 Golden Gate Ave., Stop 7401 San Francisco, CA 94102	Telephone: (415) 837-6670 Secure Fax: (855) 230-2576			

## **REPORT ITEM**

- 1. REPORT BY:** David Seward
- 2. SUBJECT:** Update on Long Range Campus Plan
- 3. REPORT:**

Provided below is a high level summary on the status of implementation efforts for the Long Range Campus Plan.

### **A. 333 Golden Gate Avenue**

New 6-story, state-of-the-art academic building to serve as the College's academic epicenter. Featuring smart classrooms, conference rooms, and shared community spaces for students, faculty, and staff. To include a Sky Deck on the rooftop floor, a premier event space with views of San Francisco City Hall; a Sky Bridge connecting the new building to Kane Hall (200 McAllister); and a newly constructed academic quad stretching from McAllister Street to Golden Gate Avenue.

*March 2017:* Design Competition – Winner to be Selected

*Finalists:*

- Team #1 – Clark Construction Group / Skidmore, Owings & Merrill LLP
- Team #2 – McCarthy Building Companies / SmithGroup JJR
- Team #3 – Webcor Builders / WRNS Studio

*June 2017:* Contract Notice to Proceed Issued

*January 2018:* Groundbreaking

*December 2019:* Occupancy

### **B. 198 McAllister Street (Snodgrass Hall)**

Plans call for the existing academic building at 198 McAllister and its 50 Hyde Street Annex to be demolished and for a new campus housing complex to be constructed there.

Demolition of 198 McAllister and 50 Hyde Street cannot commence until completion of the new academic building at 333 Golden Gate Avenue and after all academic programs have transferred out of 198 McAllister and into 333 Golden Gate in 2019. Demolition of the existing academic building at 198 McAllister and 50 Hyde Street is projected for 2020. Current forecasts suggest the newly constructed housing development will open in the summer of 2022.

The project is fully entitled for 13 stories and 140-foot-tall construction. Development space is estimated at 165,585-assignable square feet, of which 103,485-assignable square feet would be for approximately 592 residential units (with approximately 700 beds), which UC Hastings and UCSF intend occupy evenly under an agreement to be determined. Approximately 52,350-assignable square feet would be dedicated to community-serving space, such as academic, administrative, assembly, and multipurpose/support space and other non-residential functions such as the Justice Marvin and Jane Baxter Appellate Law Center; ground floor retail activation; possible partners that have registered an interest include a coalition of legal services non-profits and other community stakeholders.

### **C. 100 McAllister Street (McAllister Tower)**

Once 198 McAllister has been developed, UC Hastings students living in McAllister Tower will move into the new campus housing complex at 198 McAllister. Constructed in 1929, the building requires seismic strengthening and would benefit from general building interior upgrading and modernization. The building currently contains 252 units of housing accommodating approximately 280 residents.

The extent of the seismic work needed to restore the Tower could potentially prove cost prohibitive, given the need for campus housing to be offered at affordable rates. If during the predevelopment feasibility phase it is determined that the Tower cannot be renovated for campus housing, alternative development projects will be considered. The goal, however, is to develop 100 McAllister for campus housing if financially viable. Renovation space is estimated at 72,775- assignable square feet of which 52,275- assignable square feet would be for approximately 341 residential units, which UC Hastings and UCSF also intend to occupy evenly under an agreement to be determined. Approximately 15,500- assignable square feet would be dedicated to academic, administrative, assembly and multipurpose/support space (community-serving space). Current forecasts suggest the 100 McAllister Street will open in the summer of 2025.

**REPORT ITEM**

- 1. REPORT BY:** David Faigman and David Seward
- 2. SUBJECT:** Annual Report on Faculty and Staff Salaries over \$100,000
- 3. REPORT:**

To be distributed at the February 9, 2017 meeting of the Finance Committee of the Board of Directors is the annual report on Faculty and Staff Salaries. Pursuant to Standing Order 101.2(b), the Chancellor and Dean shall report changes in compensation in excess of \$100,000 per annum to the Board of Directors through the Committee on Finance except as provided in Standing Order 100.3(b).

## REPORT ITEM

1. **REPORT BY:** David Seward
2. **SUBJECT:** Review of College Checks & Electronic Transfers over \$50,000
3. **REPORT:**

Listed below are checks & electronic transfers issued by the College for the period of November 5, 2016 through January 23, 2017.

Date	Check/ Electronic Transfers No.	Vendor	Amount	Description
11/10/16	E0042100	Ellucian Inc.	\$114,003.00	2016-2017 annual maintenance agreement
11/10/16	E0042104	Regents University California	\$445,147.27	Employer/employee contributions PPE 10/31/16
11/15/16	0266223	SIMPPLR	\$51,800.00	Payment for onboarding and annual UC Hastings website contract
11/15/16	E0042109	Corp State Street	\$58,481.24	Retirement program costs for annuitants and employees – Other Post-Employment Benefits for PPE 10/31/16
11/15/16	E0042128	DIABLO Publications	\$98,790.00	Printing of fall 2016 HCL magazine
11/15/16	E0042136	Regents University California	\$284,059.32	Employer/employee contributions: Health and Welfare for PPE 10/31/16
11/29/16	0266254	ABM Janitorial Services	\$76,200.75	Facilities custodial services in the 198, 200 & 100 McAllister buildings for the month of September 2016 and December 2016
11/29/16	0266292	PG&E	\$66,604.38	Utilities payment for the period of 10/06/16-11/03/16
12/02/16	ACH1689	Internal Revenue Services	\$460,179.37	Payment for federal income taxes, social security taxes and Medicare taxes (employee and employer share) for PPE 11/30/2016
12/02/16	ACH1690	State California Franchise Tax Board	\$92,222.11	State withholding employee income tax payment for PPE 11/30/16
12/06/16	0266331	ABM Janitorial Services	\$61,620.62	Facilities custodial services in the 198, 200 & 100 McAllister buildings for the month of November 2016
12/06/16	E0042298	Regents University California	\$454,726.28	Employer/employee contributions: Health and Welfare for PPE 11/30/16
12/09/16	E0042315	Statewide California Electronic Library	\$53,017.71	Payment for 2017 annual subscription service

<b>Date</b>	<b>Check/ Electronic Transfers No.</b>	<b>Vendor</b>	<b>Amount</b>	<b>Description</b>
12/13/16	0266355	ABM Janitorial Services	\$61,620.62	Facilities custodial services in the 198, 200 & 100 McAllister buildings for the month of December 2016
12/13/16	E0042327	Corp State Street	\$60,084.62	Retirement program costs for annuitants and employees – Other Post-Employment Benefits for PPE 11/30/16
12/16/16	E0042389	Regents University California	\$265,774.15	Employer/employee contributions: Health and Welfare for PPE 11/30/16
12/16/16	0266444	ABM Engineering Services	\$66,009.25	Payment Tower Building Engineers October through November 2016
12/16/16	0266450	Department General Services	\$100,000.00	Payment for design and programming services related to integration of 200 McAllister exterior spaces to new 333 Golden Gate Avenue building
01/03/17	E0042478	Regents University California	\$449,400.02	Employer/employee contributions: Health and Welfare for PPE 12/31/16
01/04/17	ACH1696	Internal Revenue Service	\$589,471.00	Payment for federal income taxes, social security taxes and Medicare taxes for PPE (employee and employer share) 12/31/16
01/04/17	9004335	Wells Fargo Bank, N. A.	\$510,744.78	Recording of procurement card payments/PayIt on general ledger for the month of October 2016
01/04/17	ACH1697	State California Franchise Tax Board	\$94,482.25	State withholding employee income tax payment for PPE 12/31/16
01/09/17	0266584	PG&E	\$58,682.96	Utilities payment for the period of 11/5/16-12/6/16
01/09/17	0266587	Regents University California	\$59,395.00	MOU for FY 2016-17 TRS (Time Reporting System)
01/17/17	E0043071	Corp State Street	\$59,606.27	Retirement program costs for annuitants and employees – Other Post-Employment Benefits for PPE 12/31/16
01/17/17	E0043099	Regents University California	\$296,047.03	Employer/employee contributions: Health and Welfare for PPE 12/31/16 -1/11/17
	<b>26 Records Listed</b>	<b>TOTAL</b>	<b>\$4,988,169.50</b>	

Agenda Item: \*18  
Finance Committee  
February 9, 2017

## **FINANCE COMMITTEE MEETING**

Meeting adjourned at \_\_\_\_:\_\_\_\_ a.m. /p.m.